

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To
PJM Interconnection, L.L.C.
Docket No. ER21-1635-000

Issued: May 21, 2021

Wright & Talisman, P.C.
1200 G Street, N.W., Suite 600
Washington, DC 20005

Attention: Wendy Warren
Attorney for PJM Interconnection, L.L.C.

Reference: Proposed Revisions to Open Access Transmission Tariff, Schedule 6A

Dear Ms. Warren:

On April 7, 2021, in Docket No. ER21-1635-000, PJM Interconnection, L.L.C. (PJM) filed pursuant to section 205 of the Federal Power Act, (FPA) proposed revisions to its Open Access Transmission Tariff (Tariff), Schedule 6A to amend the rules governing the rates, terms, and conditions for Black Start Service.¹ PJM states that the proposed revisions are intended to clarify and rationalize the requirements for Black Start Units, and provide for transparency and annual updates to the Capital Recovery Factor (CRF) component of Black Start payments for units that require new or incremental capital investment in order to provide Black Start Service.²

Please be advised that your submittal is deficient and that additional information is required to process your filing. Please provide the information requested below. To the extent that some of the required information may contain confidential material, please submit a non-public version in addition to the public version for Commission review.

1. You explain that the stated CRF values currently in the Tariff are “essentially ‘black box’ numbers” because neither the Tariff nor PJM’s Business Practice

¹ PJM Interconnection, L.L.C., Intra-PJM Tariffs, [OATT SCHEDULE 6A, OATT SCHEDULE 6A, 12.0.0](#).

² PJM April 7 Filing, Transmittal (Transmittal) at 1.

Manuals specify their bases or how they were calculated. You further state that “these CRF percentages will remain in the Tariff to govern continued recovery of past investments made by existing Black Start Units.”³ Please support PJM’s decision to retain the current stated CRF values for calculating prospective annual revenue requirements for existing Black Start Units. In your response, please address how PJM’s proposal addresses Commission precedent regarding reductions to stated transmission rates following passage of the Tax Cuts and Jobs Act of 2017.⁴

2. You state that the proposed changes to the commitment period provisions “will apply to Black Start Units that are electing to recover *new or additional* Black Start Capital Costs *on a going-forward basis only*” but that those proposed changes will not affect *existing* Black Start Units that have elected to recover new or additional Black Start Capital Costs prospectively.⁵ You similarly state that the proposed formulaic CRF will apply to “Black Start Units that elect to recover Black Start Capital Costs *after the effective date* of these Tariff revisions.”⁶
 - a. Please clarify the meaning in the marked tariff of “Black Start Units *selected to provide Black Start Service* prior to June 6, 2021”⁷ as it relates to an existing Black Start Unit that requires an incremental capital investment to continue offering Black Start Service after June 6, 2021 and wishes to recover those costs pursuant to Schedule 6A section 6. In your response, please specify whether the rules that would apply to such a Black Start Unit’s incremental capital investment are those under section 6(i) or 6(ii).⁸
 - b. Please explain how PJM intends to evaluate requests by existing Black Start Units that require incremental capital investments and whether PJM’s approval of such investments would constitute “select[ion] to

³ Transmittal at 12, n.34 (citing Att. B, Hauske Aff. at 10).

⁴ *Alcoa Power Generating Inc.—Long Sault Division, et al.*, 162 FERC ¶ 61,224 (2018).

⁵ Transmittal at 14-15 (emphasis added).

⁶ Transmittal at 18 (emphasis added).

⁷ PJM April 7 Filing, Att. C (Marked Tariff), § 6(i) (emphasis added).

⁸ See Buckeye Power May 13 Limited Answer at 2-4 (citing PJM Transmittal at 9).

provide Black Start Service.” In your response, please address whether such requests would be evaluated using the proposed tariff revisions specifically those applicable to new Black Start Units seeking to make incremental capital investments.⁹

- c. To the extent that PJM intends to apply the rules under section 6(i) in such circumstances, please support the proposed distinction between existing Black Start Units that undertake incremental capital investments on or after June 6, 2021 as opposed to new Black Start Units that may be required to make similar incremental capital investments in the future.
3. In your filing, you state that PJM will apply a formulaic process for updating annually the CRF to be used in the Capital Cost Recovery Rate for new Black Start Units, using as inputs to the formula a combination of fixed values and values that will be annually updated pursuant to terms based in PJM’s Business Practice Manuals. You state that PJM Manual 15 will be updated to set forth the details for the CRF calculation formula, components, and assumptions.¹⁰
 - a. Please explain PJM’s rationale for the expression of the CRF formula, either as a fixed value or as an input whose value will be determined pursuant to Manual 15 for each component.
 - b. Please describe the sources you intend to use to determine the relevant recovery period and the debt interest rate and support the decision to include these terms in the Business Practice Manuals.
 - c. Please explain how stakeholders will be able to understand, verify, and contest the annual CRF calculations.

This letter is issued pursuant to 18 C.F.R. § 375.307 and is interlocutory. This letter is not subject to rehearing under 18 C.F.R. § 385.713. A response to this letter must be filed with the Secretary of the Commission within 21 days of the date of this letter by making a deficiency filing in accordance with the Commission’s electronic tariff requirements. For your response, use Type of Filing Code 170 if your company is registered under program code “M” (Electric Market Based Rate Public Utilities) or Type of Filing Code 180 if your company is registered under program code “E” (Electric Traditional Cost of Service and Market Based Rates Public Utilities).¹¹ In addition,

⁹ See Marked Tariff, § 6(ii)(c).

¹⁰ Hauske Aff. at P 20.

¹¹ The filing must include at least one tariff record to restart the statutory

submit an electronic version of your response to John C. Miller at john.miller@ferc.gov. The information requested in this letter order will constitute an amendment to your filing and a new filing date will be established.¹² A notice will be issued upon receipt of your filing.

Pending receipt of the above information, a filing date will not be assigned to your filing. Failure to respond to this letter order within the time period specified may result in a further order rejecting your filing.

Issued by: Kurt M. Longo, Director, Division of Electric Power Regulation – East

timeframe for Commission action even though a tariff revision might not otherwise be needed. *See generally Elec. Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (explaining that the Commission uses the data elements resulting from the tariff filing process to establish statutory filing and other procedural dates).

¹² *See Duke Power Co.*, 57 FERC ¶ 61,215, at 61,713 (1991) (“the Commission will consider any amendment or supplemental filing filed after a utility’s initial filing . . . to establish a new filing date for the filing in question”).